## **EXHIBIT**

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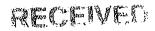


## OFFICE OF THE GOVERNOR



RICK PERRY GOVERNOR

June 17, 2011



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TEXAS DEPARTMENT OF RURAL AFFAIRS

The Honorable Shaun Donovan Secretary U.S. Department of Housing and Urban Development (HUD) 451 7th Street, S.W. Washington, D.C. 20410-7000

Dear Secretary Donovan:

As allowed under the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act (Public Law 110-329), the Department of Defense Appropriations Act of 2006 (Public Law 109-148), and Chapter 9 of Title II of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Public Law 109-234), I am changing the designation of the state agency responsible for the administration of the Community Development Block Grant (CDBG) disaster recovery funding for Texas to the Texas General Land Office (GLO). This includes all CDBG disaster recovery funding associated with Hurricanes Katrina, Rita, Ike and Dolly.

Changing the designation of the oversight agency will provide more accountability to the disaster recovery program. It will now be overseen by Commissioner Jerry Patterson, a statewide elected official who already is involved in hurricane disaster recovery through the coastal programs GLO operates. GLO has extensive background in the types of fast-paced and closely coordinated activities that the CDBG disaster recovery program demands. The move also will save on administrative costs by eliminating duplicative tasks and expenditures, and will provide a single contact agency for local communities impacted by Hurricanes Ike and Dolly. The role of local partners, especially the critical leadership role of the councils of governments, will remain in place.

To ensure a smooth transition of the program, GLO has been participating in state disaster planning and decision making for the past several months. Key GLO staff members have familiarized themselves with the Conciliation Agreement and have received training on the duties to Affirmatively Further Fair Housing. To ensure that GLO has the institutional knowledge and subject matter expertise, it has committed to hiring disaster recovery staff from

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the Texas Department of Housing and Community Affairs (TDHCA) and the Texas Department of Rural Affairs (TDRA) so those familiar with the program operations will continue at GLO.

This transition of responsibility will take effect July 1, 2011. If you have any questions, please do not hesitate to contact my office.

HUD's new contact at GLO will be:

Mr. Gary S. Hagood
Deputy Commissioner
Financial Management
Texas General Land Office
P.O. Box 12873
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Sincerely,

Rick Perry Governor

RP:kwp

cc: The Honorable Mercedes Marquez, Assistant Secretary, HUD

The Honorable Jerry Patterson, Commissioner, GLO

The Honorable Susan Combs, Comptroller of Public Accounts

Mr. Howard Baldwin, Interim Executive Director, TDRA

Mr. Michael Gerber, Executive Director, TDHCA

Mr. Gary S. Hagood, Deputy Commissioner, Financial Management, GLO